

CITY OF HORSESHOE BAY

CITY COUNCIL PUBLIC MEETING

January 9, 2007

The Council of the City of Horseshoe Bay held a Public Meeting at City Hall, located at #1 Community Drive, Horseshoe Bay, Llano County, Texas, January 9, 2007, in accordance with duly posted notice of said meeting. Mayor Bob Lambert called the meeting to order at 3:00 p.m. with a quorum of Council Members present as follows:

Robert W. Lambert, Mayor
James E. Babcock, Mayor Pro Tem
John Bird, Alderman
Karen Wines, Alderwoman
Richard Rantzow, Alderman
Jeff Robinson, Alderman

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered with the agenda subject and item number shown preceding the applicable paragraph.

1. Call to Order and Establish a Quorum: Mayor Bob Lambert called the Public Meeting to order at 3:00 p.m. with a quorum present. Larry Sherwood from the Church at Horseshoe Bay led the invocation. Mayor Lambert then led the pledge of allegiance to the United States Flag and the Texas Flag.
2. Comments from Mayor: Mayor Lambert welcomed everyone to the meeting. He said the Sales Tax Committee had a Public Meeting last Thursday. He thought they did an excellent job and had many good comments. The Committee will have a recommendation prior to the next Council meeting. The Lifestyles Committee also continues to make good progress and they plan on having some draft ordinances ready for the Council at the January 23, 2007 meeting also.
3. Comments from Aldermen: There were no comments from the Aldermen.
4. Public Comments: There were no public comments.
5. City Attorney's Law Firm: Mayor Lambert asked City Attorney Akers to explain this item. Mr. Akers stated the three partners of Bovey, Akers and Bojorquez had decided to go different directions in their practice and he has formed the new firm of Akers and Boulware-Wells. There is a form they have provided that requests the City advise how we want the City's files disposed of. Mayor Lambert stated Monte Akers is the City Attorney and the City would like him to continue. Mayor Lambert will sign the request in order for the files to be transferred to the new firm of Akers and Boulware-Wells.
6. Public Hearing Regarding Petition for the Formation of a Public Improvement District: Mayor Lambert said due to the fact there was an error in the Notice of Public Hearing published in the

Llano News, the Public Hearing had to be postponed until the January 23, 2007 City Council Meeting. He said he hoped no one had been inconvenienced and anyone wishing to speak could do so on item # 8.

7. Skywater Development Update: Mayor Lambert asked Sam Martin, one of the Skywater Developers, to present an update on the progress so far. Mr. Martin said the temporary sales office is to be located on the old McFarlin Ranch property across from the entry to Bay Country. The utility line extensions from Siena Creek to the temporary sales office site are in place and the building should be completed in 90 days. The sales team will begin sales in the next couple of weeks. He stated the developers have a number of things to work through with the City of Horseshoe Bay prior to proceeding further. Construction on the infrastructure will begin first, and they hope to start construction on the golf course by April 1st.
8. Skywater Related Documents: Mayor Lambert stated there was a meeting yesterday. Present at the meeting were Mayor Bob Lambert, Alderman Jim Babcock, City General Manager Mike Thuss, City Attorney Monte Akers, and Skywater Developer Sam Martin and his attorney. Mayor Lambert said he feels they have agreement on the major items and added this group is seeking community input as well as input from the City Council. He then referred to a list that contains all the documents the Council is going to be asked to approve, and he stated that the Council might be able to approve all the necessary documents at the February 20, 2007 Council meeting. Mayor Lambert said today he wanted to have a general discussion about the basic structure of a PID in order to get some input from the community and respond to basic questions in order to see if the February 20th date is realistic. At which time he stated he wanted to explain some of the highlights. He started by saying all the property is to be annexed into the City pursuant to a Development Agreement. At the meeting yesterday the group went over the agreement paragraph by paragraph. There have been no substantial changes to the document the Council received in their packet on Friday; however, there will be some edit changes. He said the document should give the Council a very good understanding of the basic deal but clearly the main document refers to other documents that have not been written yet. Mayor Lambert further stated all the property will be zoned according to a Development Agreement. A draft of the Concept Plan was received by the City yesterday and it has not been reviewed yet, but he wanted to pass it along for the Council. In the next few days, the City will receive a volume of all the Restrictive Covenants that are going to be on the Property Owners' Deed Restrictions typical of other Horseshoe Bay subdivisions. The Mayor said the Petition for the Formation of a PID and a draft Development Agreement, have been given to the Council. There is also a copy of the Draft Planned Development Concept Plan; however, it has not been reviewed by anyone at the City as of this time. He said the Petition for the Formation of the PID was filed with the City by the Developers of Skywater. Mayor Lambert briefly explained how a PID works. The Developer will present a plan for each phase to the City for approval. If approved, the Developer can proceed with that portion which has received approval from the Council. The Developer will pay all the costs. Once that portion has been completed the Developer will ask the Council to approve that portion. The City will have the right to audit the costs and also make a decision as to whether they are approved or not. If the costs are approved the Developer can seek repayment through an assessment plan of the property owners, a copy of which is also included in these documents. Each January, each lot owner will receive a bill from the PID for approximately \$2,000. The money will then be passed back to the Developers as a reimbursement of their costs. This process will continue for 15 years. Over time the Developers expect to get their \$20 million back. If, however, at

the end of 15 years, the developers have not received enough money to completely repay their expenses, the PID can not seek any more funds from the property owners. He explained that the packet contains a boiler plate document of the Petition for the Formation of a PID prepared by the Developer's attorney. Sam Martin stated that there will be no bonds issued by the PID or the City. The Mayor restated the City is bound to nothing that has been filed and to the best of his knowledge, the City will have no financial risk and it will have no effect on the City's bond rating. The petition for creation of the PID is in no way binding to the City. It merely starts the process and then the Council will have six months to make a decision. Mayor Lambert said the Developers are going to have their engineer provide the Council a detailed map. Naismith Engineering is preparing a Capital Improvement Plan based on the City's water and wastewater needs in the future. They will expand this study to include Skywater and the cost to the City due to this expansion. The cost of this additional work on the Capital Improvement Plan will be reimbursed to the City by the Skywater developers. The City is not out of pocket on any of this project. The City Council will receive drafts of the documents as soon as possible. Once there is a reasonably good draft, it will be put on the City's website. The Mayor encouraged all the Council members to contact City Attorney Monte Akers with any questions they might have. They were also encouraged to speak to developer Sam Martin. The Mayor said this is a very substantial project, important to the developers as well as the City. Attorney Akers said the January 23rd Public Hearing can be continued at subsequent meetings. It was discussed possibly having an additional meeting or workshop prior to February 20, 2007 regarding Skywater. Mayor Pro Tem Babcock suggested all the Council members send their questions to Attorney Akers, and he can answer them on one document to email back to all of the members of the Council. There was no action taken.

9. Feasibility Study Related to Skywater Public Improvement District: Mayor Lambert said that one of the options a City has in being associated with a PID is to hire a financial consultant and hire an outside firm to conduct a feasibility study. He had thought this might be desirable for the City to do; however, after reading the documents it is now clear that the City is a conduit and the PID is not planned to necessarily be economically feasible. If there are allowable costs that have yet to be reimbursed to the developer at the end of fifteen years, that is the developer's problem, not the City's or the PID's.
10. HSB POA Road Proposal: Mayor Lambert stated this is another issue that is significant to the City of Horseshoe Bay. He said he thinks it is helpful to have a reasonable plan to upgrade the HSB POA roads, he also thinks it is helpful to have all or most of the roads transferred to the City, and to do this without dividing the community. He has worked with the POA Board of Directors and Tom Engler for several months and this is a work in progress. After seeking input, the POA will incorporate any changes they think necessary. He thinks they have a proposal worthy of study by the community. Phil Lee from the Board of Directors of the HSB POA gave a presentation, a copy of which is hereby attached and made a part of these minutes.
11. Subdivision Ordinance: Mayor Lambert said the City Council has been working on this ordinance since last April. He thanked Jim Babcock, John Bird, Monte Akers and his associates at his new law firm for all their help in the last few weeks. There is a memo from Monte Akers received after the document was given to the Council. Mayor Lambert said after including the annotated changes, he feels this ordinance is worthy of being approved at this meeting. He said in the future there will likely be amendments made to this document. Mayor Pro Tem Babcock stated they had tried to set high standards for any new developments in the

City giving the City a place to start negotiations when any new developments are initiated. Alderwoman Wines pointed out a couple of typos. She also stated on page 45, addressing screening walls, she thinks they need to add a minimum height. It was agreed it would be changed to read a minimum height of 6 feet for screening walls. Alderman Rantzow asked to have mobile homes removed from Article XI, Section G.2.a. This was also agreed upon. It was also noted this entire document applies only to new subdivisions, not existing ones. Alderman Robinson made the motion to approve the Subdivision Ordinance with the recommended changes. The motion was seconded by Alderman Rantzow. The motion passed by unanimous vote (5-0).

12. Blasting Ordinance: Mayor Lambert stated that Alderwoman Wines requested this item be on the agenda. Alderwoman Wines had asked City Attorney Akers to draft a Blasting Ordinance. Alderwoman Wines stated she had initially asked for this in order to protect some of the property owners by the airport. However, after reading the document she had some questions and asked that this be tabled until the next meeting. Mayor Pro Tem Babcock asked that General Manager Thuss and Fire Chief Fiero review this document.
13. Annual Evaluation of General Manager: The Mayor stated the General Manager reports to the City Council. The City has a formal employee evaluation process, and this would be done in Executive Session.

Executive Session: At 5:25 p.m., Mayor Lambert announced that the Council would go into Executive Session pursuant to Section 551.074 of the Texas Open Meetings Act to discuss a personnel matter (the annual evaluation of the General Manager).

Regular Meeting Resumed: At 6:42 p.m., the Executive Session having ended, Mayor Lambert resumed the Regular Meeting and announced that no action or votes had been taken in the Executive Session.

14. Adjournment: Alderman Babcock made the motion to adjourn the meeting at 6:43 p.m. Alderman Robinson seconded the motion. The motion passed unanimously (5-0).

APPROVED this 20th day of February, 2007.

/S/
Robert W. Lambert, Mayor

ATTEST:

/S/
Toni Vanderburg, City Secretary